Kat Brown is helping address homelessness; the former Adina Apartment Hotel. Main photo: Wolter Peeters

Before becoming high-tech HQ, building gives homeless a hand

Sue Williams

It's an old hotel set to be redeveloped to bookend the huge $3 billion Central Place Sydney project but, inside, lives are being changed one day at a time.

While the developer TOGA Group is waiting for the planning permissions to come through for the former post office building, later turned into an apartment hotel, they've opened it up as accommodation for at-risk homeless young people and refugees, mostly from Ukraine.

"When these people first come in, you can see how shy and nervous they are," said Kat Brown, who works in the not-for-profit clothing store Thread Together on the hotel's ground floor, and who has experienced homelessness along with her 12-year-old son when she fled domestic violence.

"But when they see this place and realise they're going to have a secure roof over their heads, support to get them back on their feet and new clothes to help them on their journey, you can see the change happening before your very eyes. It's wonderful."

The initiative at the former Adina Apartment Hotel on Lee Street next to Central Station has been launched by its owner TOGA Group, alongside Atlassian and Dexus, who have all joined forces with My Foundations Youth Housing (MFYH) to provide the affordable housing for about 80 people at the emerging tech precinct around the station.

When they're given the go-ahead, the building will be redeveloped by into a mixed-use project with office space, a hotel, and a ground level food and beverage offering, next to the Atlassian HQ.

TOGA managing director Allan Vidor says in a situation of so much homelessness and a building standing empty for perhaps about two years, it made sense to offer it to the community.

"I've heard stories first-hand from people in these circumstances, and they moved me," he said. "So this is the right thing to do. And the more developers and property owners with real estate standing idle who are able to do something like this, the better."

The call for governments to become more involved in matching empty real estate and homeless people is being echoed by Rebecca Mullins, CEO of MFYH, which is running the Central Project. Residents pay 35 to 50 per cent of lower-than-market rents at the hotel TOGA has leased to the not-for-profit on a $1 contract.

"The need at the moment is huge, and we could fill the hotel three times over," Mullins said.

"It's a wonderful project with quality housing to give people enough time to engage with support, build some income, set goals and have another chance in life."

ECONOMY

PM hopeful on interest rates and inflation

Shane Wright
Senior economics correspondent

Prime Minister Anthony Albanese is hopeful inflation has peaked and will take pressure off the Reserve Bank to inflict severe interest rate pain on the nation's home buyers as his government stands by its commitment to the $254 billion stage three personal tax cuts.

Albanese yesterday said an ebbing in inflationary pressures through this year meant the RBA, which is expected to lift interest rates by another quarter of a percentage point at its meeting next week, was unlikely to drive up rates as much this year as it did in 2022.

7.8%
The 30-year high inflation rate in the December quarter.

4.1%
Deutsche Bank Australia's forecast for rates in August.

Inflation to the December quarter reached a 30-year high of 7.8 per cent but Treasury and the Reserve Bank are forecasting the rate to ease over the coming months.

The RBA has lifted interest rates at its last eight meetings in a bid to rein in inflation, taking the cash rate from 0.1 per cent in April to 3.1 per cent in December. Deutsche Bank Australia this week predicted rates could hit 4.1 per cent by August, which would add another $480 to monthly repayments on a $750,000 mortgage.

The RBA on Wednesday said more than 800,000 fixed-rate home loans would be reset to much higher interest rates this year. About 530,000 households, or a fifth of those with a mortgage, are expected to be affected by a steep increase in their fixed interest rates.

Albanese told Perth's Nova 93.7 radio station the government understood the inflation pressures facing the country and was aiming budget policy at easing the cost of living for families.

He said the RBA had cut the cash rate to an emergency level of 0.1 per cent during the COVID-19 pandemic, but it could not stay at that level forever. Rates were likely to rise this year but not as much as through 2022.

"The truth is though that hopefully inflation has now peaked. That's what we're hoping," he said.

"So that should lead to less of an increase, certainly this year, than what we'd experienced."

He made the comments after the release of the International Monetary Fund's annual review of the Australian economy yesterday which, for the first time, said the government might need to balance the cost of stage three tax cuts against their purported benefits to the economy.

It also backed broader tax reform, including restricting the current exclusion of the family home from capital gains tax, to help the government cover the growing structural cost pressures on the budget.

Treasurer Jim Chalmers, however, said while the fund and others had suggested changes to the stage three tax cuts, the government was not looking to revisit them.

"The constituency calling for those tax cuts to be rewritten or junked – those calls have been around for some time. But the government's approach to the stage three tax cuts hasn't changed," he said. Chalmers also said changes to capital gains tax were not on the government's agenda.

He said the May budget would continue the government's approach to repairing the nation's finances through spending restraint, savings and tax changes for multinational businesses.

Shadow treasurer Angus Taylor said the IMF's report showed the government could reduce inflation by cutting expenditure rather than seeking to increase taxes.

'Pretty bleak' for tenants as vacancy rate hits record low

Jim Malo, Tawar Razaghi

The rental vacancy rate has returned to a record low and experts and advocates warn it will only make life harder for renters.

Just 0.8 per cent of rentals were available to lease nationally in January, and both Sydney and Melbourne fell to 1 per cent. It was a record low for Melbourne and an equal record for Sydney.

Domain chief of research and economics Dr Nicola Powell said the rental market was becoming more difficult for tenants.

"After seeing that drop back to a record low, the short-term outlook looks pretty bleak for tenants," she said. "I was a little bit surprised at how tight it's become."

Rents reached record highs across the country over the December quarter, the latest Domain Rent Report showed.

After a seasonal lift in vacancy rates over the busy end-of-year period, the rental market continued to deteriorate as demand for rentals skyrocketed, Powell said. The spike in demand was due to people taking up more housing following the pandemic and the return of international migration.

The continuing crisis was leading to homelessness or tenants living in substandard housing, Renters and Housing Union media and communications officer Ellise Bourne said.

"We have members who are having to live in a trailer on someone's property without any amenities or electricity and having to pay rent to the landowner, there are people living in unregistered rooming houses," she said. "The lack of supply means people who are vulnerable are going to fall into those cracks."

Bourne said the tight market exacerbated the power imbalance between tenants and landlords.

"It's a little bit more complicated than, there's just this many people and not enough houses," she said. "If it were easier for renters to stay in their houses longer we wouldn't have an issue with supply and demand in this housing market."

Tenants Union NSW chief executive Leo Patterson Ross said the country was in a permanent rental crisis.

"When we're talking about these extremely low vacancy rates, whether it's 1 per cent or 0.8 per cent, these are all bad numbers to have. They are well below a well-functioning system," Paterson Ross said.

He said without more properties to rent and stronger rent regulations and rent control, renters would suffer.

"There is going to be real pressure on rents, pressure on people's ability to find a home, a lot of people competing for property," he said. "These minor variations are not the main story. The bigger picture is there is a long way back to equilibrium where things are not getting worse."

Powell said a lack of government action to increase housing supply or improve housing affordability had created the situation.

"We're back to square one for these markets," she said. "The tight rental market and rental crisis in many areas of Australia is not something that happened overnight, it was something that has been built over time."

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